

Schiff revives INSURE Act to create federal reinsurance program

Reinsurance Business

US Sen. Adam Schiff (D-Calif.) has reintroduced the Incorporating National Support for Unprecedented Risks and Emergencies (INSURE) Act, legislation aimed at addressing instability in the residential insurance market through the creation of a federal catastrophic reinsurance program.

The bill proposes a federally backed reinsurance mechanism that would provide coverage to insurance companies facing losses above a set threshold in the event of a major disaster. The program would be housed within the Department of the Treasury and overseen by an advisory committee alongside the Treasury Secretary.

The aim, according to Schiff (pictured), is to offer a public reinsurance alternative that could help reduce premium costs and expand insurance availability in high-risk areas. He said the legislation is a response to growing unaffordability in home insurance across the country, particularly in areas prone to wildfires and floods.

“All across America, in fire zones and flood plains and well beyond, the most valuable property a family may own is becoming uninsurable. This must be addressed with urgency,” he said.

The proposed program, first introduced in 2024, would be capitalized with \$50 billion in federal funds and would provide reinsurance coverage for a broad range of perils, including wind, hurricanes, floods, wildfires and severe convective storms.

The bill comes in response to a broader trend in the insurance and reinsurance markets, where climate-related events have contributed to escalating losses. In several states – including California, Florida, Texas and Louisiana – insurers have significantly raised premiums or exited certain markets.

Supporters of the INSURE Act argue that a federal reinsurance option could help stabilize those markets by offering a competitively priced alternative to private reinsurers.

Amy Bach, executive director and co-founder of United Policyholders, said the proposed program would address gaps in existing coverage and offer a more comprehensive solution than state-level insurers of last resort.

“We are in the grip of an unprecedented national insurance crisis. The marketplace has changed dramatically for the worse, and the INSURE ACT can be the national solution we need,” she said.

Reinsurers versus INSURE Act

The Reinsurance Association of America (RAA) has voiced concerns that a federally backed reinsurance pool could disrupt market pricing and shift financial risk onto taxpayers. The group argues that a public backstop may inadvertently reduce insurer incentives to manage risk prudently and could result in cost transfers that undermine long-term affordability.

Participating insurers would be required to offer all-perils property coverage that includes the full spectrum of natural disasters addressed by the legislation. In addition, insurers would need to engage in formal partnerships with policyholders aimed at loss prevention and risk mitigation.

The legislation also includes provisions to enhance market oversight through the Office of Financial Research and the Federal Insurance Office, in cooperation with state regulators.